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Lucia A Keegan 07/31/2006 10:33:26 AM From DB/Inbox: Lucia A Keegan

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Text:

UNCLAS SENSITIVE PARIS 05139

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ACTION: AGR
INFO: UNESCO SCI POL ECNO DCM AMB ECON TRDO

DISSEMINATION: AGRX
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INFO RUCNMEM/EU MEMBER STATES
RUEHMRE/AMCONSUL MARSEILLE 1218
RUEHSR/AMCONSUL STRASBOURG 0145
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SIPDIS

SENSITIVE BUT UNCLASSIFIED

BRUSSELS PASS USEU FOR AGMINCOUNSELOR
STATE FOR OES; EUR/ERA AND EB ;
STATE PASS USTR FOR MURPHY;
USDA/OS/JOHANNIS/PENN AND TERPSTRA;
USDA/FAS FOR OA/YOST/ROBERTS;
ITP/SHEIKH/MACKE/TOM POMEROY/MIKE WOOLSEY/GREG YOUNG;
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EU POSTS PASS TO AGRICULTURE AND ECON
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SUBJECT: WTO DOHA ROUND : GOF BLAMES U.S. FOR COLLAPSE; FARMERS WANT
SUBSIDIES MAINTAINED

¶1. (SBU) French Minister for Trade Christine Lagarde expressed regrets over the collapse of the Doha trade round in Geneva, stating that she does not expect further results. She explicitly blamed the United States' "hard line" stance on domestic agricultural support for the failure of the recent meeting. Lagarde said that the EU must now look at regional trade agreements as an alternative to a multilateral agreement.

¶2. (SBU) In an op-ed in the French Daily Le Figaro, French agricultural Minister Dominique Bussereau called the collapse a -quote- beneficial failure of a delinquent negotiation - end quote. He blamed the negotiation for solely focusing on agriculture, and within agriculture, solely on market access, which he asserted only benefited a small group of large agricultural exporting countries. He also accused the United States - quote - of making totally unrealistic requests without showing in exchange any will to reform its domestic agricultural policy - end quote. He blamed the Commission for making too many concessions without obtaining reciprocal concessions from its trading partners. In a radio interview, Bussereau also blamed Pascal Lamy for being too

interventionist in the talks, saying that Lamy had made the - quote - sin of pride - end quote - by trying to have the - quote - WTO walk on water -end quote. Bussereau concluded by expressing hope that the talks could resume in a more balanced way, more favorable to developing countries.

13. (U) The French business leaders' organization, MEDEF, expressed its disappointment. Even if MEDEF's chairwomen, Laurence Parizot, had recently said that -quote- no agreement was better than a bad agreement - end quote, the business leaders were still hoping that a positive last-minute conclusion could be achieved.

14. (SBU) On the other hand, French farm groups applauded the failure of the talks. The main French farm organization, FNSEA concluded that -quote- the failure was good news for those who believe in more solidarity in the world -end quote. The Young Farmers Union also officially applauded the break. Such relief was also shared by other farm groups, such as anti-globalization groups Confederation Paysanne and Coordination Rurale. Beef, poultry, and fruit/vegetable producers, who were most "at risk" in case of an agreement, also expressed their satisfaction. French farmers had claimed that EU concessions during the talk would have cost French farm sector more than 20 billion (USD 25 billion) and 700,000 jobs. Accordingly, they had asked the EU to renounce commitments made in Hong Kong in December 2005 and to not abolish export subsidies by 2013.

15. (SBU) Despite their rejoicing, French farm groups still claim that they support an agreement which will favor developing countries. They also want any agreement to tackle sanitary, phytosanitary as well as environmental issues.

16. (U) Respected French economist Patrick Messerlin was less pessimistic. In an interview in the financial daily Les Echos, he pointed out that the Uruguay Round talks had stalled from 1990 to 1993 before coming to a positive outcome. He also suggested that if the mid-term election were favorable to the current U.S. administration, it could obtain from Congress an extension of the Fast Track Authority. He also mentioned that after the French presidential election in mid 2007, the new French administration might be more open to globalization of agricultural markets.

17. (SBU) COMMENT. Public reaction in France to the Doha Round stalemate is predictable: the GOF tries to place blame on the U.S., farmers express relief at the outcome, and business leaders express regret, timidly. Those who stood to lose from Doha Round success -- French farm interests -- are by far the most vocal. Potential winners in France -- non-agricultural exporters, service industries and consumers -- are woefully under-represented in the public debate. END COMMENT.
Stapleton